

Regulation:	Bank Indonesia Regulation Number: 12/16/PBI/2010 – Monitoring System for Transactions on Foreign Currencies Against Rupiah
Effective Date:	September 1, 2010

Summary:

I. Background and Purpose

The currently rapid integration of domestic financial market and global financial market leads to a number of challenges and risks for market participants. Bank Indonesia as the monetary authority is endeavoring to mitigate all of the aforementioned risks by providing responses in the form of anticipative and responsive policies on exchange rates in accordance with the development in the domestic foreign exchange market.

In such context, Bank Indonesia has issued provisions on the Monitoring System for transactions on Foreign Currencies against Rupiah (SISMONTAVAR) which basically is the improvement of the mechanism for monitoring activities in the domestic foreign exchange market, where information on interbank foreign exchange transactions is obtained through an on-line network system. Such policies are expected to be able to provide positive contributions to the implementation of Bank Indonesia's objective in the context of maintaining monetary stability.

II. Materials of the Regulation

1. SISMONTAVAR is applied on Foreign Exchange Banks which have applied Dealing System. The scope of SISMONTAVAR includes inter-bank transactions on foreign currencies against rupiah.

2. The obligations of Foreign Exchange Banks in SISFONTAVAR include:
 - a. Foreign Exchange Banks must maintain SISFONTAVAR application in an on-line condition when Banks conducts foreign currency transactions against rupiah.
 - b. Foreign Exchange Banks must conduct Confirmation Procedures in the Dealing System which is connected with the SISFONTAVAR application immediately after the completion of transactions on foreign currencies against rupiah (deal is done). Such obligations shall also be applicable for transactions on foreign currencies against rupiah made by using the services of Money Market Dealers.
3. In the event that there is an error in the transaction information after the implementation of the Confirmation Procedure, the relevant Foreign Exchange Bank shall submit to Bank Indonesia corrections to the transaction information immediately after such error is found. The aforementioned correction to the transaction may be submitted to Bank Indonesia by facsimile.
4. Provisions on the Imposition of Sanctions
 - a. Foreign Exchange Banks which do not maintain SISFONTAVAR application in an on-line condition when making transactions on foreign currencies against rupiah shall be subject to administrative sanction in the form of written reprimand.

- b. Foreign Exchange Banks which do not immediately implement the Confirmation Procedure after the completion of transactions on foreign currencies against rupiah shall be subject to administrative sanctions in the form of written reprimand.
- 5. Exceptions to the aforementioned sanctions shall be applicable to the following conditions:
 - a. There are problems with the SISMONTAVAR application;
 - b. There are problems with the data network;
 - c. There is a failure in the Dealing System; and/or
 - d. There is a force majeure.
- 6. Transitional provision

The provisions on SISMONTAVAR shall not be applicable for Foreign Exchange Banks which have applied Dealing System but at the time this Bank Indonesia Regulation comes into effect, the SISMONTAVAR application has not been installed. The obligation as referred to in point 2 shall be effective when the SISMONTAVAR application has been installed.